

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Markit Manufacturing / Service PMI	Jun	N/A	56.4 / 56.8
Japan: National CPI YoY	May	0.60%	0.60%
Japan: Nikkei Manufacturing PMI	Jun	N/A	52.8
Germany: Markit Manufacturing PMI	Jun	N/A	56.9
Eurozone: Markit Manufacturing PMI	May	55.0	55.5

Source: Bloomberg

II. Macro News

- **China Accuses U.S. of Trade 'Abuses' as India Hits Back at Trump.** The global trade war deepened Thursday with China reiterating it will hit back if the latest tariff threats from Donald Trump materialize, while India followed the European Union in slapping retaliatory levies on U.S. goods. [Bloomberg]
- **Fed says strong case for gradual rate increases.** The U.S. Federal Reserve will likely keep raising short-term interest rates at only a gradual pace, Fed chair Jerome Powell said Wednesday, partly because there are few signs, so far, that the ultra-low U.S. unemployment rate is pushing up inflation. [The Standard]
- **Brazilian Central Bank Puts Benchmark Rate on Hold at 6.5%, In Line.** Banco Central do Brasil (Brazilian Central Bank) announced that members unanimously decided to maintain the benchmark interest rate at a record low of 6.5%, in line with market expectations. [AASocks]

III. Industry News

- **China Signals Reserve Ratio Cut.** China will use monetary policy tools, incl. cutting reserve requirements for some banks, to boost credit supply to smaller companies, according to a cabinet decision. The country will ensure the economy is operating in a reasonable range, and keep liquidity "appropriate and sufficient." [Bloomberg]
- **China's release of 7th batch of Renewable Energy Subsidy Catalogue is credit positive for renewable operators.** Moody's Investors Service says that China's announcement of the 7th batch of its Renewable Energy Subsidy Catalogue is credit positive for rated renewable energy operators as it will accelerate collection of subsidies receivables and relieve liquidity pressure. [Bloomberg]
- **China's Investment in the U.S. Is Collapsing as Trade War Flares.** China's direct investment in the U.S. slumped in the first half of this year, amid deteriorating economic relations between the two nations, according to research firm Rhodium Group LLC. [Bloomberg]

IV. Corporate News

- **ZTE team presses ahead under high secrecy to replace mgmt as US senators question settlement.** The three-person team tasked with overseeing implementation of ZTE's settlement with the US govt is working under conditions of high confidentiality and secrecy, after the company instructed all staff, even senior executives, to keep away from work that could decide the company's fate. [SCMP]
- **Qualcomm becomes sole foreign cornerstone investor in Xiaomi with US\$100m investment.** Qualcomm is the only foreign cornerstone investor in Xiaomi, after the Chinese smartphone maker secured a US\$100mn investment from the US chip maker for its IPO, according to a term sheet seen by the South China Morning Poston Thursday. [SCMP]

- **Bourse chief confident Hong Kong will net world's biggest IPO candidate Saudi Aramco.** The head of Hong Kong's stock exchange said he is confident oil giant Saudi Aramco, the world's largest IPO candidate, will list its shares in the city even as he warned of "tough times" ahead for the market amid a simmering trade spat between China and the US. [SCMP]
- **Xiaomi IPO Could Value Smartphone Giant at Half Its Initial Goal.** Xiaomi Corp.'s highly-anticipated Hong Kong IPO could value the smartphone giant at as little as \$53.9bn, roughly half its initial goal. Xiaomi started marketing the deal to investors Thursday, touting cornerstone investments from Qualcomm Inc. and SF Holding Co.. [Bloomberg]
- **Soho China Aims to List Co-Working Business in H.K. in '19.** Soho China aims to list its co-working space business in Hong Kong next year, South China Morning Post reports, citing the property developer's Chairman Pan Shiyi at a news conference. [Bloomberg]
- **HNA Resumes China Bond Sales After Rare Five-Month Drought.** HNA Group Co. sold its first bond in China after a rare five-month drought, signaling a crucial source of funding for the debt-laden conglomerate may be opening up after the government was said to have agreed to help the group weather through its liquidity challenges. [Bloomberg]
- **Daimler Cuts Profit Forecast on U.S.-China Trade Fight Costs.** Daimler AG slashed its earnings outlook for the year less than two months after providing an upbeat forecast, saying fewer Chinese consumers will buy Mercedes-Benz SUVs because of tariffs Beijing is slapping on autos imported from the U.S. [Bloomberg]
- **Shimao Property Proposes Issue of Additional CNY Notes Due 2021.** Proposed issue to be consolidated and form a single series with 950m yuan 5.75% senior notes due 2021 issued on March 15, according to statement to Hong Kong stock exchange. [Bloomberg]
- **China Mobile eyes 5G as subscriber base crosses 900 million.** China Mobile Communications Corp, China's major telecom carrier, announced that its user base reached 901.92 million in May, increasing by 2.26 million from the previous month, according to a report by Chinese news portal Jiemian. [China Daily]
- **SOHO3Q mulls a public listing.** SOHO3Q, a shared office service brand that belongs to commercial property developer SOHO China, plans to go public next year. It aims to be the country's largest office provider in the future, SOHO's chairman Pan Shiyi said on Wednesday. [China Daily]
- **Xiaomi To Go Listing on 9 Jul; Entry Fee \$4,444.34.** Xiaomi (01810.HK) will issue 2.18bn shares, 5% of which will be under Hong Kong public offering, at offer prices of HK\$17-22 per share, as revealed by the sales document obtained by our reporters. The stock is expected to start offering from next Monday (25 June) and list on 9 July. [AASocks]
- **Meituan-Dianping Plans Listing Application to HKEX.** Meituan-Dianping, a group buying and comment ratings platform in Mainland China, plans to submit a listing application to HKEX on 22 June, various media cited Caixin report. Meituan-Dianping had reportedly planned to raise US\$6bn through listing with target valuation of US\$60bn. [AASocks]
- **VCREDIT Wishes to Tap into Overseas Biz; In Talks with Potential Partners.** VCREDIT Holdings Ltd. CEO Liu Sai Wang Stephen said that the company wished to tap into overseas markets, such as SE Asia, in future following listing in Hong Kong and years of development in Mainland China. [AASocks]
- **Foxconn Stake Buying Has Strategic Meaning; No Div Policy Yet.** Foxconn had acquired stake in IDG Energy at \$1.485bn early this yr, becoming the 2nd largest shareholder of the company. Liu Zihai, President of IDG Energy, said Foxconn's stake buying in the company entailed strategic meaning. Liu said the company has not had dividend policy yet, but will consider such in future based on business performance and financial position of the company etc. [AASocks]
- **Sa Sa Int'l Annual Net Profit \$440M, Up 34.7%; Total Div 14 Cents.** Sa Sa Int'l announced annual results ended Mar-18. Turnover rose 6.2% YoY to HK\$8.018bn. Net profit amounted to HK\$440mn, up 34.7% YoY. EPS was HK14.6 cents. A total dividend of HK14cents was declared, incl. a final dividend of HK11cents and a special dividend of HK3cents. [AASocks]

V. Overnight Market Recap

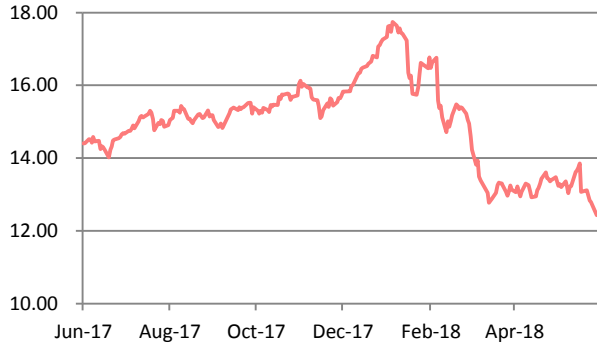
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,750	(17.6)	(0.6)	(1.2)	0.9	4.0	2.5	12.9	2.8
	Dow Jones	24,462	(196.1)	(0.8)	(2.8)	(1.5)	2.1	(1.2)	14.3	(1.0)
	Nasdaq Composite	7,713	(68.6)	(0.9)	(0.6)	4.5	7.6	10.8	23.7	11.7
	Russell 2000	1,689	(18.0)	(1.1)	0.3	3.9	9.4	9.5	20.2	10.0
	VIX Index	14.64	1.9	14.5	20.8	10.7	(37.3)	47.9	39.7	32.6
Europe Equity	Euro Stoxx 50	3,404	(36.1)	(1.0)	(3.5)	(5.1)	1.7	(4.2)	(4.3)	(2.9)
	DAX	12,512	(183.3)	(1.4)	(4.5)	(5.0)	3.4	(4.3)	(2.2)	(3.1)
	CAC	5,316	(56.3)	(1.0)	(3.8)	(5.7)	2.9	(0.9)	0.6	0.1
	FTSE 100	7,556	(71.0)	(0.9)	(2.7)	(4.1)	8.7	(0.5)	1.6	(1.7)
APAC Equity	HSI	29,296	(400.1)	(1.3)	(4.7)	(6.2)	(5.7)	(1.0)	14.1	(2.1)
	HSCEI	11,365	(141.1)	(1.2)	(5.6)	(8.0)	(8.6)	(2.5)	9.2	(2.9)
	HSI VIX	19.13	1.3	7.1	20.7	11.8	(15.8)	39.2	52.2	31.0
	CSI 300	3,593	(42.5)	(1.2)	(5.2)	(8.0)	(10.6)	(11.4)	0.1	(10.9)
	SH Composite	2,876	(39.9)	(1.4)	(5.7)	(10.5)	(11.9)	(12.8)	(8.6)	(13.0)
	SZ Composite	1,578	(34.3)	(2.1)	(8.8)	(14.9)	(14.7)	(17.0)	(15.3)	(16.9)
	Nikkei 225	22,693	137.6	0.6	(0.2)	(1.2)	5.1	(0.9)	12.8	(0.3)
KOSPI	2,338	(26.1)	(1.1)	(3.5)	(5.2)	(6.3)	(4.2)	(1.4)	(5.3)	
Commodities (USD)	Brent (Future)	73.05	(1.7)	(2.3)	(3.8)	(7.8)	5.2	12.6	63.0	9.2
	WTI (Future)	65.54	(0.7)	(1.0)	(2.0)	(8.5)	2.6	12.8	54.4	9.2
	Gold	1,267	(0.7)	(0.1)	(2.7)	(1.8)	(4.6)	(0.5)	1.4	(2.7)
	Copper (Future)	6,773	(67.0)	(1.0)	(6.7)	(1.2)	0.3	(3.8)	19.7	(6.5)
	Baltic Dry Index	1,373.00	(46.0)	(3.2)	(4.2)	10.8	22.9	(4.0)	62.7	0.5
FX	Dollar Index	94.86	(0.3)	(0.3)	(0.0)	1.3	5.7	1.7	(2.8)	3.0
	EUR	1.16	0.0	0.3	0.3	(1.5)	(5.6)	(2.1)	4.1	(3.3)
	JPY	109.99	(0.4)	(0.3)	(0.6)	0.9	(4.2)	3.1	1.3	2.5
	CNY	6.49	0.0	(0.3)	(1.4)	(1.7)	(2.6)	1.4	5.2	0.2
	CNH	6.50	0.0	0.3	1.3	(2.3)	(2.4)	1.1	5.2	0.2
CDS	ChinaGov CDS	58.15	0.5	0.9	5.2	4.1	(9.5)	12.2	(18.4)	16.1
	CDX Emerging Market	96.13	0.0	0.0	(0.0)	(1.0)	(1.8)	(2.9)	0.8	(3.0)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.93	0.0	0.3	1.9	1.9	1.7	1.3	0.9	1.4
	2-Year Treasury Yield	2.54	(0.0)	(1.1)	2.5	2.5	2.3	1.9	1.3	1.9
	5-Year Treasury Yield	2.77	(0.0)	(1.5)	2.8	2.8	2.6	2.2	1.8	2.2
	10-Year Treasury Yield	2.90	(0.0)	(1.4)	2.9	3.0	2.8	2.5	2.1	2.4
	2-10 Spread	35.56	(1.3)	(3.6)	37.1	45.9	55.6	58.8	80.4	51.8
China rates	O/N China Repo Rate	2.57	(0.2)	(8.5)	2.6	2.5	2.6	2.5	2.8	3.0
	1-Week China Repo Rate	2.77	(0.0)	(1.8)	2.8	2.5	2.7	2.8	3.0	3.1
	O/N SHIBOR	2.59	(0.0)	(1.0)	2.6	2.5	2.5	2.6	2.9	2.8
	1-Week SHIBOR	2.83	0.0	0.1	2.8	2.8	2.8	2.9	2.9	3.0

Source: Bloomberg

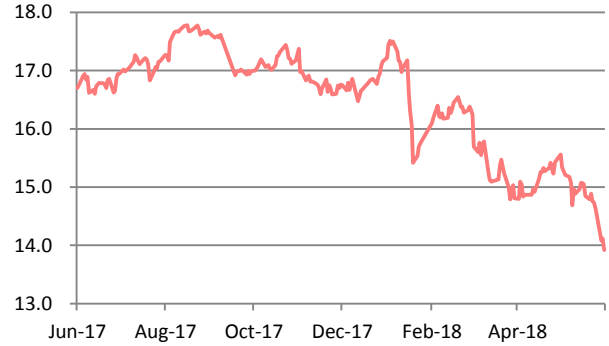
VI. Key Indicators

Hang Seng Index PE Ratio



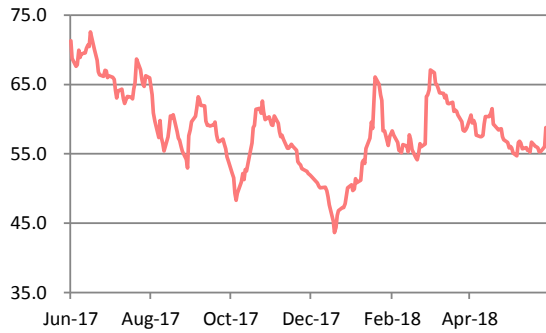
Source: Bloomberg

Shanghai Composite Index PE Ratio



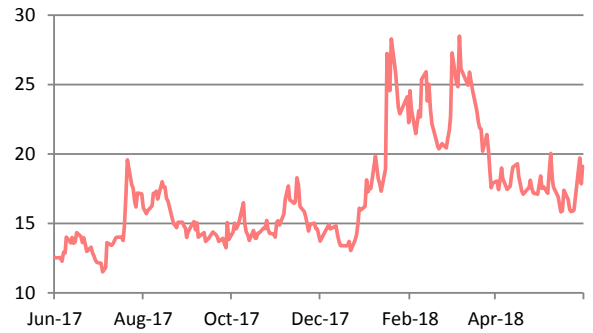
Source: Bloomberg

China 5Y CDS Index_USD



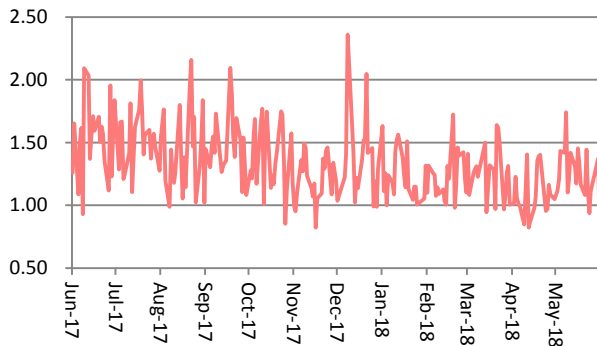
Source: Bloomberg

Hang Seng Index VIX



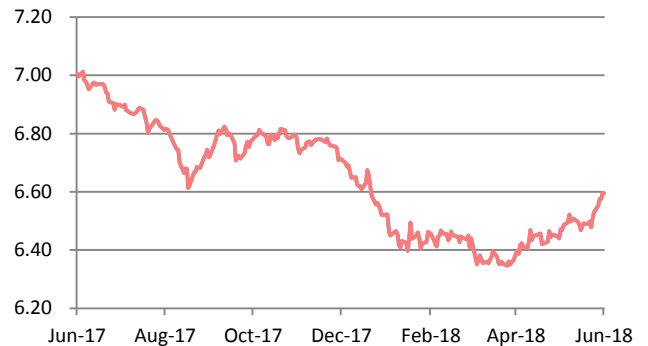
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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